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## MINISTRY OF LABOUR

## RESOLUTION

*New Delhi, the 25th May, 1953*

**Nq. LR.2(407).—**The Ooregum Gold Mining Company of India (K.G.F.) Limited represented to the Government of India some time ago that as a result of a marked decline in the output of the mine and of a substantial drop in the price of gold, the mine had been working at a loss since September 1952 and that as there were no prospects of an improvement in the fortunes of the Company, it was necessary to close down the mine and liquidate the Company. They also reported that their Directors had decided to close down the mine with effect from the 23rd March 1953. As the Company's decision meant unemployment to a large number of workers and an appreciable reduction in the country's limited output of gold, the Government of Mysore suggested to the Government of India that, in order to allay public misgivings, they might set up a Committee to enquire into the causes leading to the present crisis and the measures proposed to be taken for the compensation and rehabilitation of the discharged workers. The Company agreed to the suggestion and postponed closure of the mine to the 31st May 1953. A Committee was accordingly set up with Shri N. Madhava Rao, Retired Dewan of Mysore, as Chairman and the representatives of the employers, of the employees, and of the Central and State Governments, a Member of Parliament, and a Member of the Mysore Legislative Assembly as members. The Committee visited the Kolar Gold Fields, examined witnesses, held discussions with all interested parties and submitted its report.

2. The Committee has come to the conclusion that owing to a serious and unavoidable decline in production and the steep fall in the price of gold it is no longer practicable for the Company to operate the mine profitably. Against an output of 3,200 ounces of gold per month considered necessary at present prices to enable the mine to work successfully and to pay a dividend of 6 per cent. to its shareholders, the present rate of production is only about 2,300 ounces per month. The output is likely to decline still further to 1,900 ounces per month during the second half of 1953. The Committee has looked into the reasons for this decline in production and is satisfied that for various reasons including exhaustion of ore, the limited raising capacity of one of the shafts serving the deepest part of the mine, the loss of ore resulting from the violent rockbursts which occurred last year and the necessity, for reasons of safety, to restrict output in certain areas, it is not possible to exceed the anticipated output of 1,900 ounces per month in the coming months. Simultaneously with this decline in output, the price of gold has fallen from an average selling price of Rs. 296 per ounce during 1951 to Rs. 238 per ounce during 1952 and Rs. 234 per ounce during the first three months of 1953. While earnings and profits have thus steadily been going down due to the combined effects of the fall in production and of the decline in prices, the cost of living index rose from 315 in 1949 to 378 in 1952, resulting in increased working costs. For all these reasons the Committee has come to the conclusion that it is impossible to work the mine as a viable unit. The Government of India accept this recommendation.

3. The Committee has recommended that though the Ooregum mine cannot be worked independently, transfer of its leases to the adjacent Champion Reef Gold Mines of India (K.G.F.) Ltd. will enable the latter company to exploit the residuary ore in the former by extension of its own workings in accordance with the joint working plan evolved by the two Companies in 1948 and, for that purpose, to offer continued employment to 982 out of the 3,400 employees of the Ooregum Company. The Committee has also recommended that the transfer of the lease should be on condition that any further recruitment of non-Indians should be subject to the prior approval of the State Government. The Government of Mysore are considering these recommendations and hope to be able to announce their decision shortly.

4. The Committee has also made elaborate recommendations regarding the payment of compensation to, and the rehabilitation of, the employees to whom re-employment cannot be offered. They include the giving of one month's notice of termination of service or one month's pay plus dearness allowance in lieu of notice and payment of compensation at the rate of half a month's basic wages and dearness allowance for every completed year of service. There are also other recommendations in regard to the disbursal of provident fund accumulations, payment of service gratuity and compensation under the Workmen's Compensation Act, and payment for involuntary unemployment to those who intimate their willingness to accept continuing employment in any of the Kolar Gold Field mines but cannot be offered employment immediately. Having regard to the present unsatisfactory financial position of the Company, the Government of India consider these proposals adequate. They would also commend to the acceptance of the parties the various other recommendations made by the Committee in regard to compensation and rehabilitation.

5. The Government of India place on record their deep appreciation of the services rendered by the Chairman and members of the Committee in submitting a valuable report on so complicated a question in less than two weeks. They must also thank the management and the various labour unions for the close co-operation and assistance which they rendered to the Committee.

## REPORT

### INTRODUCTION

By Resolution No. L.R. 2(398), dated the 14th April 1953, the Government of India, in consultation with the Government of Mysore, set up a Committee to enquire into the closure of the Ooregum Gold Mine proposed by the Board of Directors of the Ooregum Gold Mining Company of India (K.G.F.) Ltd. The following constituted the Committee:—

1. Shri N. Madhava Rao, Retired Dewan of Mysore—*Chairman*.
2. Shri N. Keshavaiengar, Member of Parliament.
3. Shri G. A. Thimmappa Gowda, B.A., LL.B., Member, Mysore Legislative Assembly.
4. Shri Sydney E. Taylor, D.S.C., M.I.M.M., Representative of Messrs. John Taylor & Sons (India) Ltd.
5. Shri Swami Dorai, M.L.A. (Mysore), President, Ooregum Mine Labour Association.
6. Shri N. C. Sen Gupta, I.C.S., Deputy Secretary to the Government of India, Ministry of Finance.
7. Shri S. C. Joshi, M.A., LL.B., Chief Labour Commissioner (Central).
8. Shri N. Barraclough, C.B.E., B.Sc. (Hons.), M.I. Min. E., Chief Inspector of Mines in India.
9. Shri R. J. Rego, M.A., Secretary to the Government of Mysore, Development Department.

Shri R. G. Deo, B.Sc., A.I.S.M., Inspector of Mines, No. 6 Circle acted as the Secretary of the Committee.

2. The terms of reference were as follows:—

"Liquidation of the Ooregum Mine; causes leading to the present crisis whether the closure is inevitable or can be avoided or deferred; in the event of closure, recommendations in regard to the rehabilitation of labour, compensation to labour and assignment of leases to the Champion Reef Mines".

3. The Committee assembled at Bangalore on the 20th April 1953 when it was decided to issue a Press Note inviting the views of all persons and Associations concerned. The Press Note is reproduced at Appendix "A". The Committee met from 20th April 1953 to 4th May 1953 and held meetings almost daily at Bangalore and Kolar Gold Fields and the Sub-Committees examined specific problems. The mine at K.G.F. was visited twice and members of the Committee had the opportunity of seeing the underground workings of the mines down to the deepest level (9828 feet). The members also had discussions with representatives of the Labour Associations, staff associations and other bodies and also examined the Managers and senior officers of the Company, the Deputy Commissioner of the District, the Assistant Labour Commissioner, Mysore, and the Assistant Director, Resettlement and Employment Exchange. A list of persons examined by the Committee and those from whom memoranda were received will be found in Appendices "B" attached to the report.

#### CHAPTER II.—THE OOREGUM GOLD MINE

4. The Ooregum mine leasehold extends over an area of 931 acres and is 3,350 feet in length along the strike of the auriferous veins. Messrs. John Taylor and Sons took over the management in the year 1880 and by March 1953 the workings had extended to a depth of 9,890 feet below the field datum. It is the deepest mine in the Kolar Gold Field and probably the deepest in the world. The daily average number of persons employed is about 3,400 of whom over 2,000 are employed underground. It is served by four shafts from the surface, the deepest of which, known as the Circular Shaft is 4,753 feet deep. From the bottom of these shafts, there are internal shafts to various horizons, viz., Oakely's Incline between the 21st and 32nd levels, Bullen's Incline between the 42nd and 88th levels, Auxiliary Shaft between the 52nd and 94th levels and Auxiliary Main Winze between the 94th and 104th levels.

5. An air conditioning plant at the surface delivers from 95,000 to 1,25,000 cubic feet of air per minute cooled to a temperature of about 35° F to Circular Shaft 18 feet diameter, which is the main down cast shaft. From the bottom of Circular Shaft the air descends by Auxiliary Shaft and Auxiliary Main Winze to the deeper levels where it is split into four main circuits and directed to the working points and through the stopes as it ascends to the surface. Steel doors are used to control the course of the air and the mine is sectionalised for fire control purposes.

6. The mine is interconnected at various horizons with the adjoining Champion Reef mine towards the South and the Nundydroog mine on the north.

7. The vertical shafts are in the footwall and usually some distance away from the gold bearing reefs which are reached by cross-cuts from the shafts. The most important reefs worked are the Main and West Reefs. From the cross-cuts levels are driven at vertical intervals of about 100 feet on the reefs and there are winzes at intervals of 200 to 300 feet between levels.

8. The lodes have more or less a North-South strike and a westerly dip ranging from 45° near the surface to almost 90° at depths of over 7,600 feet.

9. Pegmatite intrusions are met with frequently in the deeper levels and they cause marked disturbance to the lode channels. When massive exposures are encountered, the lodes are absorbed and cut out by them. The distribution of gold is erratic and economic values are found in certain irregular areas known as ore shoots separated from each other by intervening barren ground. Numerous dykes traverse the area. Two of the larger dykes cut through the lodes underground. The northern dyke which is 70-90 feet thick commences from surface and follows an irregular course down to the 59th level and enters the Nundydroog property. The southern dyke which is about 110 feet thick enters the Ooregum Mine at the 15th level and continues throughout in depth.

10. A surface \*map of the area will be found in Appendix "C".

11. The original Ooregum Gold Mining Company was formed in 1880 with an Issued and Subscribed capital of £125,000. There were various fresh issues from time to time. Since 1907, the Issued Capital has stood at £360,772 out of which £303,971-10-0 was actually subscribed. So far 130 dividends have been declared for an aggregate amount of £4,341,585. Between 1888 and 1952, the Company has so far crushed 77,24,312 tons of Quartz, yielding 4,046,592 ozs. of fine gold of a

total value of £. 23,503,570. The Company, therefore, had done remarkably well and should be regarded as a very successful mining venture. The Mysore State has so far obtained Rs. 390.10 lakhs in royalties and taxes from this mine and since 1949 the Central Government has obtained Rs. 12.42 lakhs as Central Income-tax from the operation of the Mine. The Government of U.K. has so far received £. 837,074 or Rs. 1,20,66,472 as Income-tax (excluding figures for 1931-33 and 1944 which were not available).

#### CHAPTER III.—CAUSES LEADING TO THE PRESENT CRISIS

12. The Management has submitted a Memorandum explaining why it is proposed to close the mine and wind up the Company. A copy of the Memorandum will be found in Appendix "D". It appears that the Company has not paid any dividends since 1950 and the Management fear they would not be in a position to declare any dividend in future. The Management have summed up their reasons as follows:—

- (i) The ore reserves are concentrated at a depth of over 9,000 feet where the effects of rock pressure, limit the rate of output.
- (ii) The output is not expected to exceed an average of 2,300 ounces per month and may well be less
- (iii) The Company has been working at a loss since August 1952 and with an average output of only 2,300 ounces per month losses will continue.
- (iv) The Company has a bank overdraft of Rs. 9.8 lakhs as at 15th April 1953.
- (v) Capital outlay required for continuance in depth cannot be provided for.

13. Thus two categories of reasons have been advanced to justify the proposal—financial and technical. It has been contended that the financial position of the Company is exceptionally weak and that it is no longer in a position to carry on in view of the losses the Company has been suffering. It has also been contended that the concentration of ores in deep levels, the restriction of output on grounds of safety, stoppage of work from 88th to 94th levels on account of rockbursts, and other technical reasons make profitable working of the mine impossible.

#### CHAPTER IV.—PRESENT FINANCIAL POSITION OF THE COMPANY

14. The immediate reason for the financial losses being incurred has been the steep fall in the price of gold, coupled with a decline in production

15. One general factor affecting the whole gold mining industry is the relationship between the cost of living index and the gold price index. The attached graph prepared by the Company indicates that from 1943 to 1948 both indices rose at the same rate. Since 1949 the cost of living index has continued to rise from 315 to 378 but the gold price index has, in the same period, declined from 330 to 256. In other words, costs have increased and revenue has decreased.

16. It appears that at the present rate of gold production of about 2,300 ozs per month losses are being made, and it has been estimated that in order to pay a dividend of 6 per cent. to the shareholders, a production of 3,200 ozs. is essential. The Management are convinced that the present rate of production cannot be maintained, and that there is no reason to expect any material increase in gold prices or decrease in costs in the near future. They point out that these losses have continued for some months and that the Company is now overdrawn at the Bank to the extent of 9.86 lakhs of rupees. They see no justification for attempting to make fresh finance available to the Company which would merely serve to prolong the losses and to reduce the ultimate value of the assets from which the Company's liabilities have to be met.

17. On October 30th, 1947 the Ooregum Company and the Champion Reef Company entered into a joint working agreement which has been in operation since 1st January, 1948. The object of this agreement was to obtain the operating advantages of amalgamation while, at the same time, keeping the results of each mine's working separate. This unified control facilitated the carrying out of a single plan for working the area adjoining the common boundary. Such a plan was essential for the safe and successful working of the ore reserves on both sides of the boundary. Other practical advantages were—the 70th level haulage connecting Auxiliary Shaft in Ooregum with Biddick's and Gifford Shaft in Champion Reef, the enlargement of the Champion Reef Mill to treat the combined output of the two mines and a combined staff.

18. In view, however, of the technical and financial difficulties of the Ooregum Company the Management now propose that the joint working agreement should be determined and that the Champion Reef Company should take over the leases

and the assets it requires in accordance with the terms of the agreement. In the opinion of the Management, this appears to be the only way by which the ore reserves in the deep levels of the Ooregum Mine can be worked

19. In the memoranda submitted to the Committee by the several Labour Associations and in the course of discussions, several other reasons for the unsatisfactory financial position now obtaining have been indicated. The main points are summarised below:—

*A. Lack of adequate liquid resources arising out of the fact that when the Rupee Company was set up all investments in England made out of the profits of the Sterling Company were retained by the latter.*

Although this arrangement does not violate the terms of the agreement and does not affect the interests of the share-holders (who are the same in both cases), it is difficult to escape the feeling that the Rupee Company would have had a fairer start and need not have been overdrawn to the extent that it has been, had these assets been transferred to it. It has been indicated that the Rupee Company's financial potentialities should not be inconsiderable even now, if the assets of the Sterling Company can be treated as available for meeting the present difficulties.

*B. Top-heavy expenditure on Staff: Indianisation*

It has been pointed out to the Committee that considerable economies could have been effected had the policy of Indianisation, which had been accepted by the Company in its agreement with the Mysore Government in 1949, been more effectively implemented. The expenditure on the top. Covenanted staff of the Company constitutes 11 per cent. of its total expenditure. The Covenanted staff of the Champion Reef/Ooregum Joint Operation in 1948 comprised of 73 Europeans and 20 Indians; in 1953, 42 Europeans and 43 Indians. It has been ascertained that in the Kolar Gold Field as a whole during the period 1947 to 1952, 29 Indians were promoted as against 20 Europeans in the grade of officers and 21 Indians were recruited as against 33 Europeans. The position regarding Heads of Departments to-day is that out of 27 such officers, only 5 are Indians. It has to be appreciated, of course, that the process of Indianisation cannot but be gradual; nevertheless most of the members of the Committee feel that, with the large number of educated and technically trained Indians now available, considerable acceleration should be possible. It would appear too that the higher-paid staff enjoy several allowances and amenities and are paid an annual bonus irrespective of profits while the monthly-rated and daily-rated employees do not enjoy any comparable benefits.

*C. The constitution of a Pension Fund in 1951 for the benefit of the Company's Covenanted staff when the Company was already in sore financial straits*

This Fund involves a liability of Rs. 7,21,000 which falls entirely on the Rupee Company. It is intended to provide pensions to Covenanted employees who have qualified for them by virtue of past services. In addition, the annual cost to the Company is of the order of Rs. 95,000/-. These pensions are in addition to the Provident Fund that these officers are entitled to, while the recipients are persons engaged on a contract basis. The Company pointed out that Pension Funds were formed for all the mines of the K. G. F. at the same time and that it would not have been feasible to constitute funds for the other mines excluding Ooregum. At that time the serious fall in the price of gold was not anticipated and it was hoped that the Company's position would improve. The continued rise in the cost of living led to many experienced technical members of the staff leaving the mines. An examination of the position in 1950 revealed that the emoluments paid to their staff by the mining companies were much below the levels obtaining in other industries in India. If the pension fund had not been introduced, it would have been necessary to make substantial increases in salaries to meet the rising cost of living; but it was considered preferable in the Companies' interests as well as the staffs' to introduce the pension fund. Even so, the total emoluments were less than those paid in other industries, so much so that 21 young officials have left the K. G. F. since 1951, forfeiting any claim to pension. The pension fund has enabled many older officials to retire, thereby assisting the policy of Indianisation. The Committee are not in a position to verify these statements. Whatever may be the justification for the constitution of the Pension Fund it is unfortunate that it came into being at an inopportune time soon after the abolition of the Gold Duty. Its creation has been objected to by the Mysore Government and resented by the monthly-rated and daily-rated staff of all the Mining Companies on account of its discriminatory character.

20. The above are a few of the grounds on which some of the Associations have urged that the entire cost structure of the Mining Industry at K. G. F. should be examined and an economical and integrated policy evolved for the future. Such an examination does not, however, come within the scope of the Committee's functions. Nor would such an examination help to resolve the present crisis which is not due solely to financial causes. It is the considered opinion of the Committee that, even after making due allowance for all avoidable and infructuous expenditure that might have been incurred, it would not, under existing conditions, and the precipitous fall in the price of gold, be practicable for the Company to retrieve its past losses and to function as a separate entity.

21. In the memorandum presented by the Management it is pointed out that the levy of Gold Duty by the Government of Mysore in 1940 is one of the main causes for the present debacle in as much as it has, during the period it was in force, deprived the Company of about 50 lakhs of the net income that would otherwise have accrued to it. This argument does not appear quite convincing as the gold duty was not a tax on the normal profits of the industry but was merely a levy on adventitious earnings. When during and after the war the price of gold kept on soaring and brought huge unearned receipts which were in the nature of a windfall to the Mining Companies, the imposition of such a duty by the State Government appears quite legitimate. When production costs began to increase the State Government tried to meet the difficulties of the Company by arranging a system of rebates extending to 50 per cent. of the duty payable. When they found that the rebates were inadequate they also gave a loan of Rs. 3.17 lakhs to the Company on very advantageous terms and finally abolished the Gold Duty altogether in 1949. It has to be admitted that the levy of this duty, did affect the resources of the Company appreciably, but it must also be admitted that at various periods before the levy of Gold Duty and after its abolition, the financial position of the Company was far from satisfactory due to causes unconnected with the mode and incidence of taxation. Whether it would have survived the present crisis had this duty not been imposed is a matter which, at this stage, can only be of hypothetical interest. The position of any enterprise which counts on fortuitous profits for its existence must be precarious.

22. Considering all aspects that have a bearing on the question of finance the Committee agrees with the Management that matters have reached a state where it is no longer practicable for the Company to operate profitably. Moreover, finance is not the major problem to-day. As pointed out in Chapter V, the technical position created by the concentration of 90 per cent. of the ore at depths below the 94th level and by stoppage of work at the 88-94th levels on grounds of safety have made it impossible to work the mine as a viable unit.

#### CHAPTER V—TECHNICAL CONSIDERATION

23. Technical difficulties of operation referred to in the last Chapter may now be fully explained. The output of ore from levels above the 94th cannot be increased and it may be expected to decline as visible reserves in Bullen's and Main Shaft Sections approach exhaustion within the next two years, and the present output from below the 94th level from certain stopes on the West and Main Reefs should be suspended as more than normal risk in continuing them at present is being taken.

24. The statement showing the tonnage of ore produced monthly from various parts of the mine during years 1951, 1952 and the first quarter of 1953 may be seen at Appendix "E". There are 4 main sources of production viz., (a) below the 94th level (Auxiliary below 94), (b) above the 94th level in Auxiliary Shaft Section (Auxiliary above 94), (c) Bullon's Eastern Folds, and (d) Main Shaft area.

##### (a) Auxiliary Shaft Section below 94th level

The average monthly output from this section of the mine in 1951 was 3,069 tons and it was increased to 4,661 and 4,402 tons per month in 1952 and the first quarter of 1953 respectively.

In 1951 almost the whole of the ore from this Section was produced from development work. The increased production in 1952 and 1953 from this section came from stopes and preparatory stoping operations. There is a single shaft serving the section, Auxiliary Main Winze, the raising capacity of which is about 5,000 tons per month. The waste rock from shaft sinking and various other works has to be raised through this shaft and the quantity of ore raised varies accordingly. The production of ore from below the 94th level is limited at present by the raising capacity of this shaft and will continue to be so limited until the shaft is re-equipped or other means of transportation are provided. Moreover, the existing winding engine of Auxiliary

Main Winze is not capable of hoisting from below the 104th horizon, to which development has already been extended, and further development below that horizon must of necessity be held in abeyance until a more powerful and larger winder is installed. For this purpose an engine chamber has to be completed and the programme for this work and the installation of a new winder, sheaves, ropes etc., which has already been worked out covers a period of about ten months. The output from development below the 94th level will, therefore, decrease until such time as these arrangements are completed.

#### *B. Auxiliary Shaft Section above the 94th level*

The average monthly output from this section in 1951 was 4,820 tons. It decreased to 2,864 in 1952 and 1,029 in the first quarter of 1953. This decline in production is accounted for by two violent rockbursts, and by the gradual exhaustion of ore reserves. As a result of a rockburst on 11th October, 1951 three rill stopes in the West Reef were badly damaged and the rockburst on 17th December, 1952 resulted in the loss of five more working stopes. The areas affected by the second rockburst contained some 4,000 ounces of gold in mostly low grade ore and for technical reasons it was decided not to reclaim the area. In March 1953, 826 tons of ore were produced from Auxiliary Shaft Section from three stopes on the West Reef and two stopes on the Main Reef. There is no possibility of substantially increasing output from this section as reserves of ore are approaching exhaustion.

#### *C. Bullen's Eastern Folds*

The average monthly production from this section in 1951 was 1,105 tons and it was increased to 1,789 and 1,658 tons in 1952 and in the first quarter of 1953, respectively. Bullen's Section consists of a small ore shoot adjoining the Nundydroog boundary which at the present rate of extraction will be exhausted in the course of about 20 months.

#### *D. Main Shaft Area*

There has been a steady monthly production of 1,500 to 1,700 tons of ore from this area which has mainly come from the reclamation of old workings near the surface. Recently a rich but small pipe of ore was discovered on the 460 feet level which is now being developed. This shoot is not likely to be extensive and will not add materially to the life of the mine.

25. It is thus evident that the present rate of production cannot be sustained at all. On the other hand, for reasons of safety, certain stopes now being worked out below 94th level should be discontinued so that differential stresses are not built up over Auxiliary Main Winze. Discontinuance of these stopes will result in further reduction of output by about 500 tons per month, and a fair estimate of the output of the mine that could be maintained during the second half of 1953 would be 6,500 tons of ore and 1,900 ozs. of gold per month. It is thus apparent that it is quite impossible now to produce an output of 11,658 tons yielding 3,200 ounces of gold (the average grade of this ore being 5.49 dwts.), which would allow a profitable working of the mine.

26. The Managing Director of the Firm of Managers and the Superintendent of the Joint Operations of the two mines, both experts in the line, have made it clear to the Committee that no amount of fresh funds can ensure the working of the Ooregum Mine as a separate entity in the present circumstances. The Committee agrees with this view.

#### CHAPTER VI.—RECOMMENDATIONS IN THE EVENT OF CLOSURE

27. Having come to the conclusion that no purpose would be served by continuing the mine as a separate entity, the consequential arrangements must now be considered. This would involve considerations as to the disposal of the present leases given to the Company and as to the rehabilitation of the labour at present working under the Company, that would become superfluous.

28. Reference has already been made to the agreement for Joint Operation executed on 30th October 1947 between the Champion Reef Gold Mining Company and the Ooregum Gold Mining Company according to which the actual working of the lease and employment of labour in pursuance thereof have been undertaken since the 1st January, 1948. It is contemplated in Clause 25 that if either of the Companies was wound up the agreement would be determined under Clause 26 and the continuing Company would have the right, subject to consent of the Mysore

Government, to take over the leases of the out-going Company. The Board of Directors has, in fact, already approached the State Government for consent to the assignment of the leases of the Ooregum Company to the Champion Reef Company.

29. From technical considerations, it is apparent that the lease will have to be assigned to the Champion Reef Company. The reasons are as follows:—

- (a) The mine could not be worked as an independent unit by any other operator for several years, because only one shaft within the property has passed beyond the 94th level below which 90 per cent. of the ore reserves are now situated. Bullen's Main Winze situated some 1,500 feet to the north of Auxillary Main Winze has not passed below the 94th level.
- (b) It is to be anticipated that no other operator would be interested in taking over a mine which has been almost exhausted down to a depth of 9,000 feet.
- (c) The monthly expenditure on pumping the Ooregum Mine is about Rs. 15,000 and unless pumping is continued the adjoining mines would be endangered or seriously affected.
- (d) The Folds cross the boundary from Champion Reef into Ooregum and these should be worked on a systematic plan or sequence.
- (e) The Champion Reef and Ooregum leaseholds are short on the Hug strike, the ore shoots are becoming less extensive and poorer in depth, and pegmatite intrusions are more frequent and extensive. Transference of the lease to the Champion Reef Company would increase the life of that mine.

30. It has been reported by the Company that on the closure of the operations of the Company, the number of persons likely to be retained and discharged would be as follows:—

	Covenanted		Daily rated employees as on 11-4-53	Monthly rated employees
	Non-Indians	Indians		
Total Strength . . . . .	20	14	3,309	180
Number likely to be retained by Champion Reef.	8	4	654	50
Number to be discharged . . . . .	12	10		
Temporarily required for Ooregum sanitation and maintenance.			144	48
			2,511	92

31. Apparently in view of the agreement for joint working, the Company as such was not employing any staff or labour and all employment was arranged by Champion Reef/Ooregum Joint Operation. On behalf of the two Companies detailed accounts enabling the apportionment of the costs between the two mines have, however, been carefully maintained and all employees now proposed to be discharged appear to have, in fact, worked only in operations connected with the working of the Ooregum Mine.

32. The discharge of employees on this considerable scale is a matter of very serious concern and it has to be examined very carefully whether and to what extent unemployment resulting from closure of the mine could be minimised. All the four existing mines in the Kolar Gold Fields, though operated by different Companies, are managed by the same firm of Managers, Messrs, John Taylor & Sons (India) Ltd., and it is necessary that they in consultation with the Labour Association should do their utmost to find out how those employees who will be surplus as a result of the closing of the Ooregum Mine can be absorbed in the

vacancies in the other mines. It is also understood that the practice in the Kolar Gold Field has been to allow the continuity in the record of service of a worker who leaves one of the four mines and joins another mine within a period of one year. As indicated above, only about 800 daily-rated employees and 88 monthly-rated employees are proposed to be retained on the transfer of the lease to Champion Reef. It has been further indicated by the Management that another 86 would, perhaps, be absorbed in the Champion Reef Company, while the Mysore Gold Mining Company could provide employment to an additional 96 persons, bringing the total to 982. The Management was requested to prepare an up-to-date statement showing the distribution of the existing employees according to their age and length of service. A copy of the statement may be seen in Appendix "F". This indicates that the present number of employees to-day is 3,400 of whom, as stated above, continued employment can be assured to only to 982.

33. The problem of the rehabilitation of the remaining large number has got to be tackled if the liquidation of the Company is to be implemented smoothly. The Management has indicated at paragraph 7 of its Memorandum its proposal regarding compensation for discharged labour. These are as follows:—

- (i) 26 days' wages plus dearness allowance in lieu of notice, and
- (ii) half month's basic wage plus dearness allowance for every year of service to every workman up to the date of discharge.

The Labour Association, however, in the Memorandum submitted to the Committee, has represented that the workers should be paid a minimum of one month's total earnings for every year of service as retrenchment benefit and further, 3 months' earnings as rehabilitation allowance. The Union of Non-Covenanted Officials has asked for at least 5 months' basic pay for every year of completed service.

34. It is now an accepted principle that adequate compensation on loss of employment due to closure of a concern or retrenchment will have to be paid by employers to the employees, and the quantum of such benefit has to be determined in relation to the financial capacity of the employing concern and other circumstances. It appears from the estimate of Assets and Liabilities of the Ooregum Gold Mining Company of India (K.G.F.) Ltd., that on the 31st March 1953 the surplus of corrupt assets over liabilities was only Rs. 84,000. Assuming that the Champion Reef Gold Mining Company, India (K.G.F.) Ltd., will pay Rs. 16.89 lakhs for the fixed assets and that about Rs. 7 lakhs will be realised from sale of other assets, the surplus of assets would be brought up to nearly Rs. 24 lakhs. In its present financial position, the Company does not appear to be able to pay any compensation beyond what has already been stated in its memorandum. This will, on a rough estimate, cost about Rs. 30 lakhs if the entire labour force was to be discharged on payment of compensation. However, it would appear that about  $\frac{1}{2}$  of the labour force would be retained and consequently the total amount payable as compensation would be reduced to about Rs. 25 lakhs. Rs. 6 lakhs of this has been provided for as a contingent liability in arriving at the figure of Rs. 24 lakhs as the surplus of assets. It is unlikely that the Company in its present financial position would be able to pay more than Rs. 25 lakhs.

35. Most of the members of the Committee feel, that taking into account, the rate of compensation on loss of employment fixed in other cases, the proposals of the Management are fair and workable. On the basis of the facts as noted above, the Committee would make the following recommendation in regard to the employees of the Ooregum Mine their rehabilitation and compensation:—

- (1) (a) Every employee shall present himself for medical examination and shall be medically examined and every employee in the scheduled occupations shall be examined for Silicosis.
- (b) The employees shall be medically examined by the medical officers of the Company.
- (c) An employee, who does not present himself for medical examination, will not be entitled to consideration for employment in the K.G.F. mines.
- (2) (a) All employees shall be given notice of one month terminating their service or in the case of monthly-rated, one month's pay plus dearness allowance and in the case of daily-rated, 26 days' wages plus dearness allowance, in lieu of notice.

- (b) All employees, who will not be offered employment as hereinafter provided, will be paid compensation for loss of employment at the rate of half month's basic pay or wage, as the case may be plus dearness allowance for every year of completed service, subject to the qualifications hereinafter stated.
- (c) All employees on termination of their service will be paid all other dues and either compensation under sub-clause (b) of this clause or compensation under clause 3 hereunder plus the amount of gratuity due to them under the Service Gratuity Rules and/or the amount of the provident fund standing to the credit of their account, irrespective of whether or not they fulfil the conditions as laid down in the Service Gratuity and Provident Fund Rules.
- (d) All employees, other than those who will be offered and accept continuing employment, will be given all leave due to them or will be paid salary or wages in lieu thereof.
- (3) (a) Employees, who have already been medically examined under the Mysore Silicosis Rules and declared to have ante-primary Silicosis, but have elected to continue in and are actually in service at present, shall be paid the compensation that has been due to them plus an amount of compensation for loss of employment as under clause 2(b) above.
- (b) Employees, who on medical examination are found to be suffering from Silicosis in the ante-primary stage, will be paid the compensation due to them under the Workmen's Compensation Act, namely, 20 per cent. of the amount payable for the permanent total disability plus the compensation under clause 2(b) above.
- (c) All employees, who on medical examination are found to be suffering from Silicosis in the primary stage, will be paid the amount of compensation due to them under the Workmen's Compensation Act, namely, 30 per cent. of the amount payable for permanent total disability plus as an *ex-gratia* payment an amount on the basis of 20 per cent. disability as provided under the Workmen's Compensation Act.
- (d) Employees, who on medical examination are found to be suffering from Silicosis in the secondary stage, will be paid the amount of compensation due to them under the Workmen's Compensation Act, namely, 100 per cent. of the amount payable for permanent total disability plus as an *ex gratia* payment an amount on the basis of 10 per cent. disability as provided under the Workmen's Compensation Act.
- (e) If the amount calculated under clause 2(b) above is higher than the amount calculated under clause (3)(c) or (3)(d) above, the employee shall be paid such higher amount.
- (4) Employees who have according to the Company's record:—
  - (a) attained age of fifty years if working underground, or fifty five years if working on surface, or
  - (b) completed twenty years' service if employed underground, or twenty five years' service if employed on surface, shall be paid compensation as stated in clause (2)(b) above and shall not have any claim for further employment in the K.G.F. mines.
- (5) Employees who are designated as casual will be discharged and will not be entitled either to notice under clause (2)(b) or to any compensation or to continuance of employment in the K.G.F. mines; but a casual employee who has been in continuous service for a period of not less than three years (which fact is to be proved by satisfactory evidence), will be paid only the compensation at the rate mentioned in clause (2)(b) above. Such compensation is, however, not payable to casual employees, who had previously been employed and had left the service of any of the K.G.F. mines.
- (6) Every employee whose case is covered by clauses (3), (4) and (5) above has no claim for further employment in the K.G.F. mines. Every other employee must give individual intimation in writing to the Management within fifteen days of the notice of termination of service if he wishes to accept continuing employment in the K.G.F. Mines,

if and when this is offered to him. An employee who fails to give such intimation will have no claim for further employment in the K.G.F. mines.

- (7)(a) Suitable jobs in the Champion Reef and other mines of the K.G.F. as are now available or become available during the lay-off period under clause (8) will be offered according to their seniority in the designation or category of the post available to employees, who have intimated their willingness to accept continued employment but excluding those who have no claim for such employment. The Ooregum Labour Association should be consulted in the selection of employees to whom the offer is to be made. Employees who will be so continued in employment will receive pay or wages at the rates they are drawing at present. They will also be entitled to other privileges they have been enjoying, including continuity of service.
- (b) Employees who refuse the offer of employment made to them under sub-clause (a) above will be paid their compensation for loss of employment under clause (2)(b) above and will have no claim for employment in the K.G.F. mines.
- (8) Those employees who have intimated their willingness to accept continuing employment under clause (6) but who could not be immediately offered suitable jobs will be laid off for a period of six months and will be paid as under:—
- |                                |      |   |
|--------------------------------|------|---|
| For the first months           | ...  | full wages and full dearness allowance.                               |
| For the second month           | ...  | 75 per cent. of the wages and 75 per cent. of the dearness allowance. |
| For the third month            | ...  | 50 per cent. of the wages and 50 per cent. of the dearness allowance. |
| For the fourth month           | ...  | 25 per cent. of the wages and 25 per cent. of the dearness allowance. |
| For the fifth and sixth months | Nil. |   |
- (9) The Management of the mines of the K.G.F. will make every effort to find out and offer suitable employment as and when vacancies occur to the employees during the lay-off period of six months according to their seniority in the designation or category of the post available. When suitable jobs are so offered, the payment for the period of lay-off will be stopped from the date of such an offer of employment. Such employees who do not accept such offer, will only be entitled to the compensation for loss of employment as in clause (2)(b) above minus the amount paid to them during the period they were laid off and which is in excess of the amount payable to them for the notice period.
- (10) Employees, who have been laid off under clause (8) and who have not been offered employment during the lay-off period, will be discharged after the expiry of the period of lay-off and they will be paid compensation for loss of employment under clause (2) (b) above. Employees who will be so discharged will not be entitled to any further notice or pay in lieu of notice.
- (11) Employees, who are offered and accept employment under clauses (7) and (8) above, shall not be entitled to any compensation under clause (2)(b) above.
- (12) Compensation payable under clause (2)(b) above and *ex-gratia* payment under clauses (3)(c) and (3)(d) will be conditional on the employee having vacated the Company's quarters, if any in his occupation; provided that the management may waive this rule at their discretion and make an initial payment to the extent of 50 per cent. of the compensation and the balance to be paid on the vacation of the quarter which must be done within three months.
- (13) Compensation payable under clause (2) (b) above to an employee, who has failed to undergo the medical examination as required under clause (1) shall be treated as payment in full or in part as the case may be, of any compensation which may be subsequently awarded under the Workmen's Compensation Act.

- (14) The provisions of clauses (1) to (13) will apply to all employees, whether daily-rated or monthly-rated. Cases of Covenanted staff will be dealt with in accordance with the terms of their contracts and according to their seniority.

36. As stated already, the Committee agrees that the paramount considerations of safety and technical difficulties of working the mines under the existing circumstances, have practically left no choice but to wind up the Company and to operate the mine through the neighbouring Champion Reef Mine. They would, therefore, recommend that the proposal of closing the Ooregum Mine submitted by the Board of Directors of the Ooregum Gold Mining Company of India (K.G.F.) Ltd., be accepted and the Government of Mysore may give their consent to the assignment of the lease of Ooregum Gold Mine to the Champion Reef Gold Mining Company of India (K.G.F.) Ltd. The benefits to be offered to employees in the event of this proposal being accepted have already been indicated above. The Committee would, however emphasise that the Champion Reef Company should make every possible effort to absorb dislocated labour and the Indian monthly-rated and Covenanted staff. Since, as a result of transfer of the leases the Covenants of a number of officers are proposed to be terminated, it is suggested that the Indian Covenanted officers should be retained to the utmost extent possible. Indeed, to ensure the progress of Indianisation, the State Government should consider whether in transferring the leases a clause should not be inserted that any further recruitment of non-Indians should be done only with the prior approval of the State Government. The Committee also expect that the State Government would ensure that profit credit would be received by Ooregum Gold Mining Company of India (K.G.F.) Ltd., for the assets (including residential buildings) and reserves of ore being transferred to the Champion Reef Gold Mining Company of India (K.G.F.) Ltd.

#### CHAPTER VII—REHABILITATION POSSIBILITIES

37. The Committee feels that more searching investigations are called for to find out what further possibilities there are for alternative employment to the large number who would be displaced.

38. The most suitable way for providing employment for mining labour would be by continuing the mining industry. It has been indicated by the labour associations that mining labour has little aptitude for engaging themselves in other trades. The Management have pointed out that there are possibilities of starting new mining work by extending one of the existing mines of the Kolar Gold Field and by re-opening old gold mines in the Mysore State and elsewhere. The Committee feels that these possibilities should be very carefully investigated by the Management, and that Central and State Governments should examine such proposals with sympathy.

39. Rehabilitation of all those who have been working in the gold mines and who would lose this means of livelihood with the closure of a mine should now be taken up in right earnest. It is found that the number of labourers employed in the K.G.F. as a whole would exceed 23,000 and together with their dependents and others they number about 1,59,000. As the mines are necessarily a wasting asset and would not last for ever, it is necessary that suitable measures should now be initiated, so that there can be a diversity of occupations in the neighbourhood of the mining area.

40. Considerations of welfare of present employees as well as considerations of future sources of alternative employment point to the urgency of the need of making such alternative arrangements, so that the present labour population may not have to depend entirely on the work available in the mines. The incidence of Silicosis is not insignificant and it is not desirable that the large section of the labour population has to depend entirely on the work in the mines.

41. Representatives of the labourers, representatives of local political associations as well as the Management have all urged that there should be no further delay in providing the alternative sources of employment. It has not been possible for the Committee during the limited time at its disposal and the complicated nature of the matter, to go into the details of the question. It, however appears that the following lines of alternative employment may be fruitfully investigated.

- (1) It is apparent that there is scope for agricultural farming in and around the mining area. The Deputy Commissioner calculated that about 1,000 acres of land in blocks varying from 200—250 acres could be made available for agricultural development. The Management appears to have already taken up the matter with the State Government. The matter, therefore, should receive serious and earnest consideration of the State Government and the Management. The Committee feels that

this scheme if properly worked could afford a useful avenue for employment.

- (2) It has been represented that the K.G.F. area is eminently suitable for development of industries like a machine-tool factory, a textile mill, a cement factory, etc. There is ample supply of power and many of the workers are trained in handling machine tools. It is possible as a result of the transfer of the leases to Champion Reef that the Workshop of the Ooregum Company might be made available for use as the nucleus of a new industry.
- (3) The possibility of setting up one of the Community Projects in the area should also be investigated.

#### CHAPTER VIII

##### CONCLUSION

42. It was indicated that the Committee's report should be submitted not later than the 7th of May, 1953. The Committee has all along been aware of the urgent necessity of concluding its deliberations with the least possible delay in view of the fact that under the existing circumstances the Company was making losses continuously and thus reducing the assets available for discharge of its liabilities particularly to the labour who would be displaced in large numbers. It is noted with pleasure that the prompt co-operation received from all the parties concerned has enabled the Committee to conclude its deliberations within the scheduled period. The Management furnished with commendable promptitude whatever statistics have been required by the Committee. The Committee is also obliged to the Government of Mysore for providing it with necessary clerical and other assistance. The Committee would also like to place on record its appreciation of the services of the Secretary, whose familiarity with the local conditions and whose technical knowledge have been available for the Committee whenever required.

BANGALORE;

The 4th May 1953.

(1) (Sd.) N. MADHAVA RAO, *Chairman*

(2) (Sd.) N. KESHAVALINGAR.

(3) (Sd.) G. A. THIMMAPPA GOWDA.

(4) (Sd.) SYDNEY E. TAYLOR.

(5) (Sd.) SWAMI DORAI.

(6) (Sd.) N. C. SEN GUPTA.

(7) (Sd.) S. C. JOSHI.

(8) (Sd.) N. BARRACLOUGH.

(Sd.) R. G. DEO, *Secy.*

(9) (Sd.) R. J. REGO.

Camp : Crescent House,  
High Grounds,  
Bangalore,  
5th May 1953.

FROM

Sydney E. Taylor, D.S.C., M.I.M.M.,  
Representative of Messrs. John Taylor & Sons  
(India), Ltd.,  
Camp : Bangalore.

TO

The Chairman,  
Committee to Enquire into the  
Closure of the Ooregum Gold Mine  
Bangalore.

SIR,

While I am in full agreement with the main recommendations in the report and most of the opinions expressed by the Committee I do not share the Committee's views on the following points:—

Para. 19A.—I am unable to agree that the Rupee Company would have had a fairer start and need not have been overdrawn to the extent that it has been, had the investments of the Sterling Company been transferred to the Rupee Company.

Para. 19B.—I fully agree with the policy of Indianisation and with the employment of Indians whenever possible, but I am unable to agree that further acceleration of the progress of Indianisation would have been practicable.

Para. 20.—In my opinion no evidence has been placed before the Committee pointing to avoidable or infructuous expenditure.

Para. 21.—In my opinion, if the incidence of Gold Duty on the Ooregum Company had not been so heavy, it would have gone a long way to avoid the present crisis.

Para. 36 (last para).—The suggestion that in transferring the leases a clause should be inserted that any further recruitment of non-Indians should be done only with the prior approval of the State Government does not seem to be necessary in view of Clause (4) of the agreement with the Mysore Government dated 20th February 1949, which reads:

"The Lessees will continue and intensify the policy of Indianisation of the supervisory and other staff and agree that all future vacancies will be as far as possible be filled up by Indians possessing the necessary qualifications giving first preference to Mysoreans".

Yours faithfully,

SYDNEY E. TAYLOR

#### A NOTE OF DISSENT BY SHRI P. M. SWAMI DORAI TO THE MAJORITY REPORT OF THE COMMITTEE

I cannot agree with certain points in the report for the following reasons:—

1. The Committee has now agreed with the views of the Mine management that the closure of Ooregum Mine is inevitable and that the closure cannot even be deferred. The main reason advanced is the technical difficulties in working the deep levels in Ooregum. The Committee's technical knowledge and experience in Mining is too limited and technically qualified Indian personnel or persons unconnected with the Mine Management could not be induced to give evidence. In the Mining City of K.G.F. the labour force and the technically qualified officials are two exclusive sections. Since there are no middle class sections worth mentioning possibilities of social contact and exchange of knowledge and information even at a casual and informal level is practically nil. The Indian personnel were most reluctant to come forward and give independent evidence because of obvious reasons. I feel the technical reasons advanced by the Mine management and supported by the Chief Inspector of Mines need investigation by experts in the line before a final opinion could be given.

2. The financial difficulties advanced by the Management have been found to be of their own making and not beyond solution. However the Committee could not give any future guidance either to the Management or to the State in this connection. In order to avoid any similar situation arising in the future the Committee should have gone into the cost structure of the entire industry or at least suggested such a course to the Government, so that the Companies could be made to conform to certain accepted financial policies. The Companies should be advised to correct the wrongs done at the time of creating the Rupee Companies so that the Rupee Companies might be assured of better resources. The way in which the policy of Indianisation is given effect to has come to the critical view of the Committee but no concrete directive in this connection has been given. An examination of the Mining or production policy of the Companies should also be made to avoid any sudden situation developing in the future like the present one.

3. The Labour Unions had suggested that the Committee should examine the feasibility of merging the Managements of all the four companies into one for the sake of effecting economy at the top and in the general administration so that the possibility of providing employment to the Ooregum workers could be brightened up. This aspect was not considered by the Committee.

4. The Committee could not seriously apply its mind to the question of rehabilitation though the immediate and most acute problem that will have to be faced by all concerned is the rehabilitation of the thousands of workmen. Certain general ideas of granting lands, starting new mines opening up of old mines, community projects etc., have been given in the report, but a detailed examination of the various possibilities has not been made. The possibilities of starting new industries in K.G.F. with the abundance of power and skilled workmen available should be examined in particular as starting an industry to cater to the needs of the Mines itself would be worth while and stop importing of machinery from foreign lands.

5. The Committee has simply okayed the Management's offer of compensation. The Company's offer in this connection is inadequate. The peculiarities of Mining industry and the consequent disabilities to workmen should be taken into consideration in fixing the compensation. Not only workmen have to recoup and repair their health but being mostly unskilled they will find it very difficult to find alternative employment. The Committee could easily recommend the demand of the Labour Unions in this respect as the Company has the funds to meet the same. The bank overdraft and the pension fund liability should not be made a charge on the assets of the Company but should be made a charge on the earned assets of the Sterling Company retained by that Company. The machinery and buildings of the Company have been valued at ridiculously low price for the benefit of the Champion Reef Company. The Champion Reef Company would be benefitted by the Ore reserves in Ooregum without making any capital outlay. All these should be taken into consideration in determining the surplus of assets available with the Company. Further the Company is not going into liquidation but is simply introducing rationalisation at the instance of the Management for their benefit and to the detriment of the workmen. Therefore the workmen are entitled to better consideration.

6. The Committee should have recommended that the workmen might be allowed to stay on in the Company huts. It will be very difficult for the workmen to find and invest in new abodes and at the same time seek new avenues of employment. The Company would have by now made good of their investment on those huts by way of rent collected and even otherwise the workers' case for the use of the huts should be given a fair consideration.

7. Since the Committee has in mind the hardships to which the workmen thrown out of employment will be subjected to, the Committee should recommend all means and ways within reasonable limits to minimise such hardships. In this connection I would suggest that the Government should be approached to pass necessary orders to exempt the compensation paid to workmen from the provisions of Civil Court attachments, as the concern of every body should be to help the workmen discharged to find new jobs and settle themselves.

I have signed the Report subject to the comments noted above.

SWAMI DORAI.

BANGALORE;

The 6th May 1953.

#### APPENDIX "A"

BANGALORE,

20th April, 1953.

#### PRESS NOTE

##### OOREGUM GOLD MINE CLOSURE COMMITTEE

The Committee appointed by the Government of India to investigate into the closure of the Ooregum Gold Mine held its first meeting at Crescent House, Bangalore, on the 20th April, 1953.

The terms of reference of the Committee are as follows:—

"Liquidation of the Ooregum Mine; causes leading to the present crisis: Whether the closure is inevitable or can be avoided or deferred; in the event of closure, recommendations in regard to rehabilitation of labour, compensation to labour and assignment of leases to the Champion Reef Mines."

It was decided to invite the views and opinions of the employees of the Mines and of their Associations and Unions in regard to the terms of reference.

The employees of the Ooregum Gold Mines, their Associations and the Union of Non-Covenanted officials should submit their views, if any, in writing to the address of the Secretary noted below, on or before 11 A.M. Thursday the 23rd April, 1953.

"The Secretary,  
Ooregum Gold Mine Closure Investigation Committee.  
Crescent House,  
Bangalore 1."

## APPENDIX "B"—PART I.

*Persons examined by the Committee.*

- |                               |     |   |
|-------------------------------|-----|---|
| 1. Shri J. K. Lindsay         | ... | Managing Director, Messrs. John Taylor & Sons (India) Ltd.              |
| 2. Shri J. K. Walker          | ... | Superintendent, Champion Reef, Ooregum Joint Operation.                 |
| 3. Shri W. R. Cowlin          | ... | Chief Mine Agent, Champion Reef, Ooregum Joint Operation.               |
| 4. Shri L. V. Wells           | ... | Chief Accountant, Champion Reef, Ooregum Joint Operation.               |
| 5. Shri Abu Baker             | ... | Deputy Commissioner, Kolar.   |
| 6. Shri C. Rachiah            | ... | Assistant Director, Resettlement and Employment Exchange.               |
| 7. Shri C. R. Keshava Murthy. | ... | Assistant Labour Commissioner, (Mysore).                                |
| 8. Shri A. Ramaswamy          | ... | Secretary, K.G.F. Non-Covenanted officials' Central Union.              |
| 9. Shri K. Rajagopal          | ... | Member of the Executive K.G.F. Non-Covenanted Officials' Central Union. |
| 10. Shri S. V. Fernandex      | ... | President, All India Anglo-Indian Association, K.G.F. Branch.           |
| 11. Shri J. L. Francis        | ... | Secretary, All India Anglo-Indian Association, K.G.F. Branch.           |
| 12. Shri V. M. Goveindan      | ... | President, Mysore Mine Workers' Union.                                  |
| 13. Shri M. C. Narasimhan     | ... | President, Champion Reef Mine Labour Association.                       |
| 14. Shri M. C. Perumal        | ... | President, Taluk Congress Committee.                                    |

## APPENDIX "B"—PART II.

Memoranda were received from the following Associations:—

1. The Ooregum Mine Labour Association.
2. The K.G.F. Non-Covenanted Officials' Central Union.
3. The All-India Anglo-Indian Association, K.G.F. Branch.
4. The Taluk Congress Committee.

## APPENDIX "B"—PART III.

The following gentlemen also submitted their memoranda in response to the Press Note in their personal capacity:—

- |                         |     |   |
|-------------------------|-----|---|
| 1. Shri S. R. Shanmugam | ... | Labour and Public Leader, Robertsonpet.                       |
| 2. Shri B. Kannan       | ... | Ex-member, Legislative Council, Mysore (Labour), Andersonpet. |
| 3. Shri Abu Baker       | ... | Contractor, Ooregum Mine.                                     |

APPENDIX ' E  
COMPARATIVE ORE SOURCES—OOREGUM MINE

Year 1						Main Shaft Area		Total Main Shaft 7	Grand Total 8
						Main Shaft 5	Oakley's 1060 6		
		Aux. Below 94 2	Aux. Above 94 3	Bullens Eastern Folds 4					
1951									
January . . . . .		2,909	4,415	1,121		584	869	1,453	9,898
February . . . . .		2,809	4,763	996		617	970	1,587	10,155
March . . . . .		2,044	4,818	1,331		526	1,037	1,563	9,756
April . . . . .		3,122	5,095	1,055		688	915	1,603	10,875
May . . . . .		3,004	4,627	766		652	873	1,525	9,922
June . . . . .		3,562	4,994	923		771	888	1,659	11,138
July . . . . .		3,433	4,971	1,100		625	958	1,583	11,087
August . . . . .		3,406	4,866	898		692	1,207	1,899	11,069
September . . . . .		3,310	5,251	622		834	1,233	2,067	11,250
October . . . . .		2,662	4,159	806		659	1,327	1,986	9,613
November . . . . .		3,296	5,566	2,003		569	1,186	1,755	12,620
December . . . . .		3,272	4,309	1,639		205	1,312	1,517	10,737
TOTAL . . . . .		36,829	57,834	13,260		7,422	12,775	20,197	1,28,120
Average . . . . .		3,069	4,820	1,105		618	1,065	1,683	10,677
Average% . . . . .		29	45	10		6	10	16	100

	1	2	3	4	5	6	7	8
1952								
January . . . . .		3,201	3,411	1,469	142	1,559	1,701	9,782
February . . . . .		4,479	3,785	2,108	...	1,413	1,413	11,785
March . . . . .		5,041	3,506	1,647	61	1,405	1,466	11,660
April . . . . .		5,028	3,234	1,353	238	1,244	1,482	11,097
May . . . . .		4,628	3,410	1,903	278	1,172	1,450	11,391
June . . . . .		5,601	3,613	1,838	423	1,130	1,553	12,605
July . . . . .		4,834	2,549	1,473	182	678	860	9,716
August . . . . .		4,631	2,347	2,534	408	1,139	1,547	11,059
September . . . . .		4,501	2,387	2,097	539	963	1,502	10,487
October . . . . .		5,037	2,583	1,563	310	1,167	1,477	10,660
November . . . . .		4,660	2,155	1,720	426	1,442	1,868	10,403
December . . . . .		4,297	1,387	1,757	401	1,307	1,708	9,149
TOTAL . . . . .		55,938	34,367	21,462	3,408	14,619	18,027	1,29,794
Average . . . . .		4,661	2,864	1,789	284	1,218	1,502	10,816
Average% . . . . .		43	26	17	3	11	14	100
1953								
January . . . . .		4,779	1,420	1,748	302	1,273	1,575	9,522
February . . . . .		4,176	842	1,657	321	1,098	1,419	8,094
March . . . . .		4,250	826	1,569	575	1,133	1,708	8,353
TOTAL . . . . .		13,205	3,088	4,974	1,198	3,504	4,702	25,969
Average . . . . .		4,402	1,029	1,658	399	1,168	1,567	8,656
Average% . . . . .		51	12	19	5	13	18	100

## APPENDIX ' F '

THE OOREGUM GOLD MINING CO. OF INDIA (KGF) LTD.

*Service Groups of Daily-rated workers*

Years in Service	Underground	Surface	Total
1	38	45	83
2	202	27	229
3	93	29	122
4	198	49	247
5	65	20	85
6	138	20	158
7	242	64	306
8	186	58	244
9	201	30	231
10	19	10	29
11	72	27	99
12	101	16	117
13	59	16	75
14	39	25	64
15	85	31	116
16	79	30	109
17	70	36	106
18	49	23	72
19	52	18	70
20	50	10	60
21	39	19	58
22	41	18	59
23	22	14	36
24	23	13	36
25	22	10	32
26	20	14	34
27	19	14	33
28	8	11	19
29	10	7	17
30	13	8	21
31	2	4	6
32	12	10	22
33	4	7	11
34	6	8	14
35	9	5	14
36	6	4	10
37	5	18	23
38	4	8	12
39	9	9	18
40	5	7	12
41	1	2	3
42	5	7	12
43	3	5	8
44	3	3	6
45	2	8	10
46	0	5	5
47	1	8	9
48	0	2	2
49	3	2	5
50	0	4	4
51	1	2	3
52	2	1	3
53	0	3	3
54	0	2	2
55	1	2	3
56	0	1	1
57	...	1	1
58	...	1	1
59	...	...	...
60	...	...	...
61	...	1	1
62	...	1	1
63	...	1	1

APPENDIX "F"—*Contd.*

THE OOREGUM GOLD MINING CO. OF INDIA (KGF) LTD.

*Service Groups of—Monthly-rated workers.*

Years in service	Under- ground	Surface works	Clerical	Total
1	2	8	1	11
2	...	1	9	10
3	1	2	5	8
4	...	1	6	7
5	1	2	7	10
6	2	...	3	5
7	1	2	2	5
8	1	...	9	10
9	...	...	3	3
10	1	1	7	9
11	...	1	1	2
12	...	2	1	3
13	...	2	3	5
14	...	1	3	4
15	1	...	5	6
16	1	...	5	6
17	1	1	3	5
18	1	1	5	7
19	1	...	3	4
20	...	1	1	22
21	...	...	3	3
22	...	6	6	12
23	...	...	2	2
24	...	1	1	2
25	3	1	2	6
26	...	...	4	4
27	...	1	2	3
28	...	...	1	1
29	...	...	...	...

Years in service	Under- ground	Surface works	Clerical	Total
30	...	I	..	I
31	...	...	I	I
32	..	I	...	1
33	I	...	...	2
34	I	...	I	2
35	...	I	...	1
36	..	.	I	I
37	I	...		I
38	...	...	I	I
39	...			I
40	I	I	I	3
41	...		...	
42	I	..		1
43	I		I	2
44	...	I	...	I
45	...	...	..	...
46	..	...	..	...
47	2		..	3
48	..			.
49	.	r	..	I
50	1	..	...	I
51	..	...	...	...
22	...	...	...	...

# APPENDIX "F"

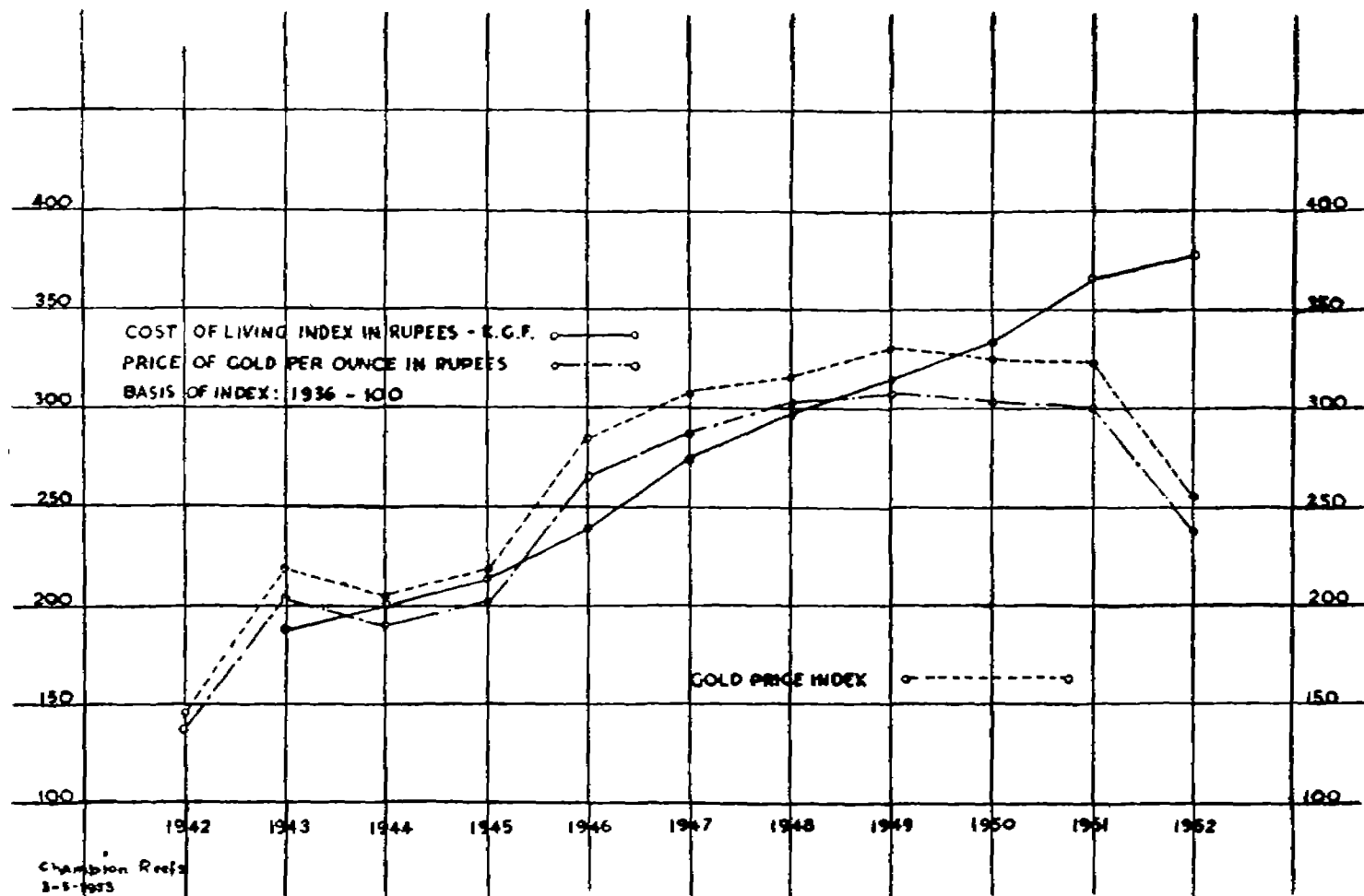
THE OOREGUM GOLD MINING CO. OF INDIA (KGF) LTD.

Monthly rated staff as on 31st December 1952

Section and Department	Age Groups													Total
	Up to 20	21 to 25	26 to 30	31 to 35	36 to 40	41 to 45	46 to 50	51 to 55	56 to 60	61 to 65	66 to 70	71 to 76		
Oregon														
Underground Department . . . . .	...	2	2	5	4	4	2	2	3	2	...	...	26	
Surface Works Department . . . . .	5	4	3	5	5	8	3	2	5	1	...	1	42	
Clerical . . . . .	3	15	16	23	22	9	9	18	5	...	1	...	111	
TOTAL . . . . .	8	21	21	33	31	21	14	12	13	3	1	1	179	

Daily rated workers as on 31st December 1952

Section and Department . . . . .	Age Groups														
	Up to 20	21 to 25	26 to 30	31 to 35	36 to 40	41 to 45	46 to 50	51 to 55	56 to 60	61 to 65	66 to 70	71 to 75	76 to 80		
Underground . . . . .	20	413	555	523	378	160	146	65	39	24	13	3	1		
Surface . . . . .	30	90	131	152	107	88	62	70	53	37	18	12	4		
TOTAL . . . . .	50	503	686	675	485	248	208	135	92	61	31	15	5		



## APPENDIX "D"

### MEMORANDUM ON THE CLOSING OF THE OOREGUM MINE

1. *Events leading up to the present position.*—The history of the Ooregum Gold Mining Company which has been in existence since 1880 shows that, up to 1940, its fortunes fluctuated according to the richness and size of the oreshoots being worked. Between the principal oreshoots are poor zones, some of which are large. Whilst exploration proceeded through these poor zones, it was necessary to limit the amount mined from ore reserves each year so as to make the ore reserves last long enough for new discoveries to be made.

A lean zone was entered about 1928 and the mine output during the next nine years was severely restricted. In order to supplement the mine output a plant was erected to re-treat the large tonnage of old tallings left over from milling the ore in early years. The recovery of the small percentage of gold known to have been left in these tallings was made possible by the cyanide process. The ore reserves declined from 295,000 tons in 1928 to 139,000 tons in 1934 when new oreshoots were discovered and by 1939 the ore reserves had been built up again to 305,000 tons.

The policy of restricting output, profits, and dividends had so far succeeded; the mine had been nursed through a lean period, enabling it to emerge in a sound condition. During this period large amounts were spent on development, about £75,000 a year, and heavy capital expenditure was incurred on the Air Conditioning Plant, £51,704.

By 1939, the Company was in a favourable position. Many years of technical research had enabled plans to be made for working to much greater depths with safety, with good working conditions and not unreasonable working costs. With the rising price of gold there appeared to be good prospects of reaping the benefit of the policy that had been adopted. A further programme of capital expenditure amounting to about £128,775 was sanctioned to provide two new main winzes to serve the Northern and Southern sections of the mine, each main winze to be equipped with a winding engine capable of going 3,000 feet further in depth.

Commencing in 1940, a series of events took place, all of which were due to causes beyond the control of the Company, and from which the Company has never been able to recover.

(a) A barren zone of pegmatite was encountered in the deep development; it greatly reduced the payable ore opened up at each successive level in depth; the penetration of this zone involved the Company in over 8,000 ft. of unproductive development work costing some Rs. 5 lakhs, and a corresponding loss of output.

(b) Taxation both in Great Britain and Mysore was heavily increased.

(c) The war brought inflationary conditions to India which resulted in a marked rise in the cost of living and wages had to be raised to meet this. The cost of stores and equipment also increased.

(d) Another manifestation of inflationary conditions was the rise in the price of gold but the imposition of Gold Duty left the Company with only one quarter of such increased gold price. This Gold Duty being a tax on receipts made it impossible to plough back out of the Company's earnings the amounts required for the future development of the mine.

(e) The disastrous underground fire which broke out in 1942 caused all work to be suspended for seven months and was followed by a period of reconstruction during which no development work could be done and only a limited rate of production was possible.

(f) For the first time in the Company's history, no dividend could be paid 1942.

(g) In May 1944, when the after-effects of the fire were still hampering development work and stopping and the mine had reached a scale of production about 75 per cent. of the pre-war figure, the supply of electrical power failed for two months and it was some months after power was restored that the labour position recovered from the disorganisation caused by the power failure.

These misfortunes seriously affected the development programme and the ore reserves. As the development footage declined there was a corresponding decrease in the tonnage of new ore added to the ore reserves by development. This was accentuated by the poorness of the lode in the bottom levels, which limited the

number of development points that could be worked without breaking more waste rock than could be handled. Further, the Company's finances were so strained that only a limited amount of exploratory work in barren ground could be undertaken.

In 1943, the serious effects of the Gold Duty became more apparent and representations were made for some relief. When the Gold Duty was imposed in 1940, the Dewan said:

"... I do not think there is any reason to expect that it will cause a reduction in the dividends that the Companies have been able to pay in the past. Should this anticipation be incorrect, the Government will be a sufferer along with the Companies, and we shall be ready to re-examine the question in the light of any fresh consideration that may arise".

In accordance with this assurance, the position was examined and after lengthy discussions the Government introduced a scheme of partial relief from Gold Duty in 1945, but by then the financial position of the Ooregum Company had become so serious that the 50 per cent. limit put on the relief made it inadequate to restore the situation and, for the second time, no dividend could be paid in 1946.

It also became clear that the bulk of the ore reserves was becoming concentrated in the deep levels of the southern half of the mine and that increased output from these horizons would be impossible.

At the Annual Meeting of the Company held on the 17th September, 1946, the Chairman said:

"... Owing to the great depth, complicated folding and duplication of the reef, it has become essential in developing and mining the oreshoots on either side of the boundary to adhere to a single plan of working in order to ensure the safe extraction of the ore to the greatest depth possible."

By 1947 it became clear that:—

- (1) Unified control of operations in the two mines was required to carry out a single plan of working
- (2) The Ooregum Mine was rapidly approaching a position where it could not continue to operate profitably as a separate entity. The reasons for this were the great depth, lack of development due to war time restrictions, the poor zone in the lower levels of Bullen's section, the excessive burden of gold duty, the after-effects of the fire, the power failure, labour shortage and strikes. The ore reserves were concentrated in the southern section and as a result the rate of output was too low to be economic.

The above considerations, which apply equally in 1953, formed the basis of an agreement for joint working which was entered into with the Champion Reef Company and, since 1st January 1948, the Champion Reef and Ooregum mines have been operated as a combined undertaking. In recommending this agreement to the shareholders, the Directors of the Ooregum Company stated in a circular, dated 17th October 1947:—

"In arriving at this decision, your Directors had before them the fact that under present conditions the Ooregum Mine is approaching a position where the rate of output is insufficient to enable the mine to be worked profitably as a separate concern".

This agreement for joint working enabled the mine to be kept going and output, development footage and ore reserves increased in spite of further set-backs due to fire, rockbursts and labour troubles.

In August 1949, there was a heavy rockburst which badly damaged portions of Auxillary shaft and before this could be repaired a fire broke out in October which stopped all output till April 1950.

Meanwhile, the Gold Duty proved to be a heavy burden and while the repeal of the Gold Duty Act in 1949 enabled the Company to continue operations, this was not sufficient to enable the Company to survive the combined effects of the long continued Gold Duty and other misfortunes

Unfortunately, during the early part of 1952, the Company's position became serious owing to the substantial fall in the price of gold in India. From a figure of Rs. 315 per ounce in 1951, and an average selling price of Rs. 296 per ounce during that year, the price of gold fell suddenly in March 1952 to Rs. 208 per ounce and subsequently recovered to around Rs. 240 per ounce. During October, November and December 1952, there was a steady decline in the price to Rs. 206 per ounce. The average price received for the Company's gold for 1952 was Rs. 238 per ounce and for the first three months of 1953, the price has averaged Rs. 234 per ounce.

The precipitous fall in the price of gold made it impossible to avoid working at a loss with the rate of output that the mine could sustain. It was just possible to maintain a small working surplus up to August 1952 by augmenting the output temporarily from some extraneous sources such as the treatment of certain old dumps on surface. Since August 1952, the mine has been making losses, partly due to a further fall in the price of gold during the last three months of 1952 and a very heavy rockburst in December which closed a productive area between 88 and 94 levels. The consequent loss of output from this area of the mine more than offset the slight increase in the gold price in January 1953 and monthly working losses have increased.

The discovery of a small fold or pipe of ore at the 460 ft. level helped to reduce the loss to a certain extent but unfortunately it was not large enough to make any difference to the overall picture.

**2. Production.**—The principal source from which the monthly gold production comes is the mining, or stoping, of the ore reserves.

The ore reserves in the Ooregum mine have increased during the past three years to 253,390 tons, averaging 8.5 dwt. per ton, but 90 per cent. of the reserves are concentrated in a comparatively small area below the 94th level in the southern half of the mine.

These reserves are situated at a depth of 9,000 to 9,500 feet; and in the Southern section, which forms the richer portion of the reserves, the reef is duplicated and folded and intense ground pressure causes the barren wall rock, on each side of the reef, to break up and become mixed with the gold bearing reef when it is mined. This dilution reduces the grade of the ore mined.

The folds in the southern section of the Ooregum mine are the continuation of the folds that have been worked in Champion Reef Mine for many years.

As already mentioned, the sequence of stoping, or the order in which the ore is worked must, for reasons of safety, conform to a single plan covering the ore reserves on both sides of the boundary and the plan must be adhered to irrespective of any barren or unpayable ground that may be crossed by the advancing line of stope faces. It therefore follows that, even though the mine has developed considerable reserves in the deep levels and the total reserves have been increased, they cannot be worked indiscriminately but must be mined strictly in accordance with the predetermined plan which must further take into account the complicated system of folding in the area involved. This has a definite curtailing effect on output.

Intrusions of pegmatite into the lode channel in this region constitute an additional difficulty due to the uncertainty of their occurrence; in many instances, the pegmatite, which is barren of gold, will have to be mined in order to maintain the sequence of stoping and avoid the formation of dangerous pillars.

In the plan, referred to above, for stoping the folds in Champion Reef and Ooregum, the stope faces follow one another level by level in depth and in sequence.

The Ooregum ore reserves on the folds lie some 400 feet deeper than the lowest levels in Champion Reef; consequently they will have to wait their turn and it will be five years or more before the ore reserves in Ooregum can be worked extensively.

Other ore reserves in the deep levels are being worked but these also have to be on a restricted scale due to the necessity for adhering to a proper sequence.

The concentration of the ore reserves in a small area and the necessity to adhere to a rigid sequence in working them limit the production to an average of 2,300 ounces per month, or less.

It will have been seen that the gold return for the month of March was 2,579 ounces as a result of the yield from the small pipe or fold of ore referred to above and it is possible that the April gold return will also be above average for the same reason.

This mine has been kept going over the past five years only as a result of the most strenuous efforts of all concerned. During the past 18 months every conceivable way in which the mine could be kept working has been exhaustively examined but with the fall in the price of gold there is now no alternative but to close the mine.

3. *Financial consideration.*—As has already been pointed out, an average monthly production of 2,300 ounces is the best that can be expected, working the Ooregum mine as a separate concern under the agreement for joint working with Champion Reef.

The enclosed statement I shows the working results month by month for 1952 and up to March 1953. From this statement, it will be seen that the loss for the year 1952 was Rs. 2 lakhs, after meeting capital expenditure.

The enclosed statement II shows what the estimated results for 1953 would be if the mine were to continue working.

It will be seen that the year's working would result in a loss of about Rs. 15 lakhs after making provision for the necessary capital expenditure but no dividend.

It may be thought that this loss could be turned into profit by cutting costs. In spite of the rising cost of labour and materials, the cost per ton for 1952 was 15 per cent. lower than 1951 and was well below the Champion Reef and Mysore costs. The possibility of further reductions in cost is doubtful or, at best, very limited.

To pay a minimum dividend of 6 per cent. would require a gold production of 200 ounces per month. The gap is therefore 900 ounces per month between what can be produced and what is required and there is no means of bringing this gap.

The Company's cash position at 31st March, 1953 was as follows:—

Bank Overdraft . . . . .	—	Rs. 8.61 lakhs
Current liabilities . . . . .	—	„ 10.56 „ ”
		<hr/>
		„ 19.17
Loss :		<hr/>
Cash with Joint Operation . . . . .	Rs. 5.00	
Tax refund . . . . .	„ 0.94	
Balance of Gold sales . . . . .	„ 7.53	„ 13.47 ”
	<hr/>	<hr/>
Estimated deficit in Liquid resources . . . . .	—	Rs. 5.7 lakhs
		<hr/>

In January 1953, the Company went on overdraft at the Bank this increased and had reached Rs. 9.8 lakhs by 15th April. With losses being made from month to month, this overdraft will increase without any prospect of improvement. Any sudden misfortune such as has occurred in the past might render the Company insolvent.

The enclosed statement III shows the financial results of the Company since 1938.

It will be seen that the dividends paid were so meagre for the 10 years, 1941-1950, that the continuance of the Company was hardly justified. Since 1950, no dividends have been possible.

The difficulties of the Company were repeatedly drawn attention to during the Gold Duty negotiations from 1945 to 1949. Special treatment for Ooregum was requested in the gold duty relief scheme and when the new agreement of 1949 was negotiated. In the hopes that some assistance would be forthcoming, the Company continued to operate the Mine.

However, these requests were not heeded and the Company's present financial position is largely due to the excessive burden of Gold Duty and taxation over the past 12 years.

If there had been no gold duty, the mining policy would have been different; a lower grade of ore would have been worked and more development work would have been done; this would have conserved the ore reserves and the tax liability would have been lower.

Thus, there would have been more money to plough back for more liberal expenditure on capital works and development and for the accumulation of cash reserves.

It is now too late to remedy the situation. Even if all taxes and royalties were removed it would not enable the mine to avoid making losses. The injury caused by the continuance of the Gold Duty over 9 years and by other misfortunes has proved fatal.

4. *Summary of the reasons for closing the mine:*

- (i) The ore reserves are concentrated at a depth of over 9,000 ft. where the effects of rock pressure limit the rate of output.
- (ii) The output is not expected to exceed an average of 2,300 ounces per month and may well be less.
- (iii) The Company has been working at a loss since August 1952 and with an average output of only 2,300 ounces per month losses will continue.
- (iv) The Company has a bank overdraft of Rs. 9.8 lakhs as at 15th April 1953.
- (v) Capital outlay required for continuance in depth cannot be provided for.

5. *Champion Reef.*—When the Ooregum mine ceases to work, the Champion Reef Company will have to keep the Ooregum pumps working; otherwise the Champion Reef mine would be flooded.

If the Champion Reef Company could acquire the Ooregum leases it would be able to maintain production from the folds as they extend into the Ooregum mine.

As already explained, these folds must be worked on a systematic plan or sequence and it will therefore be some years before Champion Reef will be able to work much of the Ooregum ore. In time, however, as operations progress further in depth, it is expected that Champion Reef will be able to mine the Ooregum ore reserves and thereby lengthen its own life.

This is the only practicable way in which the ore in the deep levels of the Ooregum mine could be worked. There is no other way.

In due course, this would benefit the Government and labour.

With this in view, the Mysore Government was approached in December 1952 for their consent to the assignment of the Ooregum leases to Champion Reef.

6. *The Board's decision.*—As the Ooregum Mine can no longer be worked at a profit, the Directors decided to close the mine on 23rd March, terminate the agreement for joint working with the Champion Reef Company, dispose of the assets and liquidate the Ooregum Company.

On the advice of the Central and Mysore Governments, the Directors deferred carrying out their decision till 31st May to allow time for the constitution and deliberations of the Committee which Government proposed to set up.

The situation of the Ooregum Company is serious and it is with the utmost regret that the Directors and Managers contemplate the unavoidable discharge of the labour employed in the Ooregum Mine, but in view of the Directors' responsibility to the shareholders, they will have to do what is necessary to safeguard the shareholders' interests. A copy of the announcement made in this connection is attached.

7. *Compensation to discharged labour.*—It is proposed to give Ooregum labour, on discharge:—

- (i) 26 days' wages plus dearness allowance in lieu of notice, and further to grant;
- (ii) half month's basic wage plus dearness allowance for every year of service to every workman up to the date of discharge.

8. *Rehabilitation of labour.*—This presents a difficult problem.

It is hoped that with the co-operation of the Government, the labour association and the management and with the advice of the Committee, it will be possible to contribute towards its solution.

The transfer of the Ooregum leases to the Champion Reef Company will enable the latter Company to provide employment to about 700 of the discharged workmen.

As the Government of Mysore and the Government of India are aware, there are certain gold-bearing areas in the Mysore State and the adjoining States which, under favourable conditions, could be profitably developed and provide employment to mining labour. The reopening of some of the areas in the Mysore State was suggested to the Government of Mysore some years ago but progress could not be made for lack of funds. The opening of these mines coupled with the intensification of the working of the Bellara gold mine—which is being worked by the Government of Mysore—could provide employment to many of the remaining discharged workmen, but this relief could not, for obvious reasons, be immediate

JOHN TAYLOR & SONS (INDIA) LTD.,

(Sd.) J. K. LINDSAY.

*Managing Director.*

OOREGUM,

*The 18th April 1953*

STATEMENT No. 1  
FINANCIAL RESULTS—MONTHLY—JANUARY TO JUNE 1952  
*Provisional*

		Year 1952					
		January	February	March	April	May	June
Tons Milled . . . . .	Tons .	8,860	12,000	11,340	10,910	10,920	11,850
Production . . . . .	Oz. .	2,159	2,934	2,910	2,978	3,102	3,160
Grade . . . . .	dwt. .	4·87	4·89	5·13	5·45	5·68	5·33
Value per oz. . . . .	Rs. .	277	245	246	241	235	243
		Rs. in lacs	Rs. in lacs	Rs. in lacs	Rs. in lacs	Rs. in lacs	Rs. in lacs
Gold Sales less Royalty plus Rents, Interest etc.		5·72	6·87	6·85	6·85	6·98	7·33
Costs and Sundry payments . . . . .		6·50	6·44	6·51	6·26	6·55	6·49
Disposable profit . . . . .		..	0·43	0·34	0·59	0·43	0·84
Working Loss . . . . .		0·78	..	..	..	..	..
Capital Expenditure . . . . .		0·10	0·07	0·20	0·20	0·26	0·19
Balance . . . . .		..	0·36	0·14	0·39	0·17	0·65
Deficiency . . . . .		0·88	..	..	..	..	..

STATEMENT No. 1  
FINANCIAL RESULTS—MONTHLY—JULY TO DECEMBER 1952  
*Provisional*

		Year 1952					
		July	August	September	October	November	December
Tons Milled . . . . .	Tons .	9,720	9,510	10,540	10,137	10,320	11,100
Production . . . . .	Oz. .	3,313	3,309	2,714	3,116	2,275	2,711
Grade . . . . .	dwt. .	6·82	6·96	5·15	6·15	4·40	4·88
Value per oz. . . . .	Rs. .	244	243	228	211	215	234
		Rs. in lacs	Rs. in lacs	Rs. in lacs	Rs. in lacs	Rs. in lacs	Rs. in lacs
Gold Sales less Royalty plus Rents, Interest etc.		7·71	7·68	5·91	6·28	4·68	6·10
Costs and Sundry payments . . . . .		6·62	6·32	6·28	6·84	6·46	6·65
Disposable profit . . . . .		1·09	1·36	..	..	..	..
Working Loss . . . . .		..	..	0·37	0·56	1·78	0·55
Capital Expenditure . . . . .		0·43	0·26	0·48	0·15	0·25	0·47
Balance . . . . .		0·66	1·10	..	..	..	..
Deficiency . . . . .		..	..	0·85	0·71	2·03	1·02

## STATEMENT No. 1

FINANCIAL RESULTS—MONTHLY—JANUARY TO MARCH 1953

*Provisional*

		Year 1953 (Estimated)		
		January	February	March
Tons Milled	Tons	11,550	10,190	8,980
Production	Oz.	2,388	2,092	2,579
Grade	dwt.	4.13	4.11	5.74
Value per oz.	Rs.	237	234	230
		Rs. in lacs	Rs. in lacs	Rs. in lacs
Gold Sales less Royalty plus Rents, Interest etc.		5.42	4.69	5.68
Costs and Sundry payments		6.38	5.90	6.09
Disposable profit		...	...	...
Working Loss		0.96	1.21	0.41
Capital Expenditure		0.13	0.08	0.10
Balance		...	...	...
Deficiency		1.09	1.29	0.51

## STATEMENT No. 2

ESTIMATED FINANCIAL RESULTS FOR 1953

		Budget
Tons Milled	Tons	101,037
Production	Ozs.	27,747
Grade	dwt.	5.49
Value per Ounce	Rs.	230.9
		Rs. in lacs
Gold Sale proceeds less Royalty plus Rents, interest etc.		61.37
Costs and Sundry payments		71.32
Working Loss		9.95
Capital Expenditure		5.00
Deficiency		14.95

STATEMENT No. 3  
REVENUE SURPLUS AND DISTRIBUTION  
(As per Published Accounts)

Year	Gold Price per oz.	Revenue			Expenditure	Revenue Surplus	Capital Expenditure
		Gold and silver Sales	Sundry Income	Total			
	Rs.	Rs. in lakhs	Rs. in lakhs	Rs. in lakhs	Rs. in lakhs	Rs. in lakhs	Rs. in lakhs
1938 . . . . .	95	48.79	1.11	49.90	39.82	10.08	8.30
1939 . . . . .	103	55.69	1.10	56.79	39.84	16.95	1.26
1940 . . . . .	113	60.73	1.02	61.75	39.57	22.18	1.41
1941 . . . . .	116	62.59	0.84	63.43	44.28	19.15	1.24
1942 . . . . .	136	37.54	(1) 17.30	54.84	34.00	20.84	3.30
1943 . . . . .	204	83.08	0.69	83.77	37.09	46.68	0.53
1944 . . . . .	190	58.39	0.66	59.05	35.50	23.55	0.37
1945 . . . . .	203	57.10	0.63	57.73	37.10	20.63	0.06
1946 . . . . .	200	51.72	1.21	52.93	40.53	12.40	0.20
1947 . . . . .	287	75.05	0.67	75.72	54.47	21.25	2.56
1948 . . . . .	303	87.01	0.72	87.73	54.91	32.82	3.59
1949 . . . . .	307	66.96	(2) 7.08	74.04	54.19	19.85	5.82
1950—15 months . . . . .	301	98.15	(3) 5.91	104.06	81.87	22.19	8.33
1951—9 months . . . . .	296	71.02	0.36	71.38	61.20	10.18	5.99
1952 . . . . .	238	82.56	0.51	83.07	77.92	5.15	3.06

	Rs. in lakhs
NOTE—(1) Fire claim for loss of Profits . . . . .	16.63
(2) Fire claim for loss of Profits . . . . .	6.27
(3) Fire claim for loss of Profits . . . . .	4.41

STATEMENT No. 3  
REVENUE SURPLUS AND DISTRIBUTION—*contd.*

Distribution of Surplus

Year	Taxes etc.					Total	Balance	Dividend to Shareholders			Percentage on Dividend to Directors and Managers	Balance
	Royalty to Mysore Govt.	Additional Royalty to Mysore Govt.	Gold Duty to Mysore Govt. (4)	Provision for Mysore Central and U.K. Tax	Rate Percentage							
					Amount			Pref.	Ordy.			
Rs. in lacs	Rs. in lacs	Rs. in lacs	Rs. in lacs	Rs. in lacs	Rs. in lacs	Rs. in lacs	Rs. in lacs	Gross	Gross	Rs. in lacs	Rs. in lacs	
1938 . .	2.43	0.13	..	1.24	3.80	6.28	4.01	15	5	0.05	2.22	
1939 . .	2.77	0.39	..	3.34	6.50	10.45	7.63	22½	12½	0.12	2.70	
1940 . .	2.83	0.46	3.73	5.61	12.63	9.55	6.42	20	10	0.10	3.03	
1941 . .	2.80	0.20	6.39	3.11	12.50	6.65	4.01	15	5	0.05	2.59	
1942 . .	1.51	..	7.18	8.81	17.50	3.34	..	..	..	..	3.34	
1943 . .	2.56	0.36	31.35	7.01	41.28	5.40	4.01	15	5	0.05	1.34	
1944 . .	1.88	0.20	15.48	Cr. 1.32	16.24	7.31	4.01	15	5	0.05	3.25	
									U.K. Tax Free			
1945 . .	1.76	0.32	10.75	2.30	15.13	5.50	3.53	11	5½	0.10	1.87	
1946 . .	1.37	..	11.01	..	12.38	0.02	..	..	..	..	0.02	
1947 . .	1.92	0.07	16.30	0.13	18.42	2.83	1.55	6½	1½	0.02	1.26	
1948 . .	2.17	0.32	20.68	3.21	26.38	6.44	3.53	11	5½	0.09	2.82	
1949 . .	2.77	0.07	5.27	1.74	9.85	10.00	2.09	8	2½	0.04	(5) 7.87	

[illegible]

## NOTICE TO THE PRESS

## THE OOREGUM GOLD MINING CO. OF INDIA, LIMITED

John Taylor & Sons (India) Limited, the Managers of the Ooregum Gold Mining Co. of India (K.G.F.) Limited, announce that as a result of the marked falling off in the output of gold from the Mine since August 1952 and the decline in the price of gold, losses are being incurred by the Ooregum K.G.F. Company. In consequence the Directors have regretfully decided to stop working the Ooregum Mine.

It was proposed to close the Mine on the 23rd of March 1953. As, however, the closure will affect about 3,600 employees and their families, the Government of Mysore and the Government of India have advised the Directors that a Committee is being appointed in this connection and have suggested that the Mine may be kept working to allow time for the Committee to meet and make its recommendations.

In deference to this advice the Directors have agreed to postpone the date of closure to the 31st of May 1953 and in response to an invitation they have nominated a representative to the Committee.

JOHN TAYLOR & SONS (INDIA) LTD.,

*Secretaries.*

(Sd.) J. K. LINDSAY,

*Managing Director.*

*Dated the 7th April, 1953.*

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K. N. SUBRAMANIAN, Jt. Secy.